

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 LAB-04 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 9037

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS UNN

AMCONSUL GOTEBORG

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E.O. 11652: N/A

TAGS: ELAB, SW

SUBJECT: UNIONS DEMAND SUBSTANTIAL WAGE BOOST

REF: STOCKHOLM 6123

BEGIN UNCLASSIFIED

1. THOROUGHLY UNDETERRED BY EMPLOYER CALL FOR RESTRAINT, SWEDISH
CONFEDERATION OF TRADE UNIONS (LO) PRESENTED AN INITIAL SET OF
DEMANDS ON NOVEMBER 9 THAT ADD UP TO COST INCREASES VARIOUSLY
ESTIMATED AT BETWEEN 12-15 PERCENT FOR ONE YEAR. THIS FIGURE
INCLUDES AN ANTICIPATED 4.5 PERCENT RISE IN PAY-ROLL TAXES AND
SOCIAL CONTRIBUTIONS BUT DOES NOT APPEAR TO COVER A FURTHER ACROSS-
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THE-BOARD INCREASE WHICH LO SAID IT WOULD DECIDE UPON LATER AFTER

GOVERNMENT BUDGET IS RELEASED IN JANUARY AND ECONOMIC TRENDS BECOME CLEARER. LO DEMANDS HEAVILY FAVOR LOW-WAGE EARNERS, IN PART TO MAKE UP FOR LESSER REDUCTIONS GIVEN THIS GROUP IN GOVERNMENT'S TAX REFORM PROPOSAL FOR 1977. LO ALSO ASKED THAT NEW CONTRACT CONTAIN WAGE-REOPENING CLAUSE WHICH STATEMENT INDICATED WOULD BE UTILIZED IN EVENT VALUE ADDED AND ENERGY TAXES ARE RAISED. AGAINST EMPLOYER PREFERENCE FOR 3-YEAR AGREEMENT, LO DECLARED FLATLY THAT IT WOULD ACCEPT ONLY 1-YEAR COMMITMENT.

2. ALREADY FAR APART ON PAY QUESTIONS, LO AND SWEDISH EMPLOYERS FEDERATION (SAF) ALSO HAVE TO TACKLE ENTIRELY FRESH BARGAINING AREA OF CO-DETERMINATION OPENED UP BY NEW INDUSTRIAL RELATIONS LAW, AND IT HOLDS ALL SORTS OF PITFALLS FOR EMPLOYERS. HERE, TOO, LO DOES NOT INTEND TO MAKE THINGS ANY EASIER. SINGLED OUT AS CHIEF CO-DETERMINATION TARGETS BY LO WERE (1) THE WHOLE RANGE OF PERSONNEL ACTIONS (HIRING, FIRING AND INTERNAL TRANSFERS); (2) COMPANY EDUCATION AND TRAINING; (3) WORK ORGANIZATION AND SUPERVISION, AND (4) WORKING HOURS AND FORMS OF PAYMENT (PIECE RATES, HOURLY RATES, ETC.)

3. IN SEPARATE STATEMENT TERMED "DECLARATION OF WAR" BY CONSERVATIVE SVENSKA DAGBLADET, LO REPRESENTATIVE COUNCIL (MADE UP OF PRESIDENTS AND OTHER SENIOR OFFICERS OF AFFILIATED UNIONS) APPEALED FOR HEIGHTENED UNION MILITANCY "TO STOP THE ASSAULT MADE BY EMPLOYERS AND THEIR REPRESENTATIVES." LATTER WAS LATER SPELLED OUT TO MEAN NON-SOCIALIST GOVERNMENT WHICH WAS ACCUSED OF "WAGE-EARNER ANIMOSITY" AND SUPPORT FOR EMPLOYERS IN CURRENT NEGOTIATIONS.

4". IN ACCORDANCE WITH ITS NORMAL PROCEDURE, LO WILL CONTINUE CONSULTATIONS WITH ITS AFFILIATES DURING NEXT SEVERAL WEEKS FOR PURPOSE OF REFINING AND CONSOLIDATING BARGAINING POSITION AND STRATEGY. ACTUAL NEGOTIATIONS BETWEEN LO AND SAF WILL THEREFORE NOT BEGIN BEFORE MID-DECEMBER OR EARLY JANUARY. WHEN THEY WILL END, HOWEVER, NOBODY DARES TO GUESS.

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5. WHITE-COLLAR FEDERATION, TCO, HAS NOT YET FORMALLY PRESENTED ITS DEMANDS BUT A RECENT REPORT ISSUED BY ITS ECONOMISTS SUGGESTED THAT 15-18 PERCENT WAGE INCREASE FOR NEXT YEAR WOULD NOT BE UNREASONABLE.
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6. COMMENT: SWEDEN'S PERIODIC LABOR-MANAGEMENT ENCOUNTERS HAVE BEEN DESCRIBED BY ONE OBSERVER AS COUNTRY'S MOST EXCITING SPECTACLE. AS THIS IMPLIES, THERE HAS PROBABLY BEEN STRONG ELEMENT OF GRAND-STANDING IN OPENING BIDS OF BOTH SAF AND LO. FACT REMAINS, HOWEVER, THAT THERE ARE REAL AND MORE THAN USUALLY IMPORTANT DIFFERENCES BETWEEN TWO SIDES AND IT WILL TAKE MONTHS OF MANEUVERING AND STRAIN TO UTMOST SWEDISH TALENT FOR COMPROMISE BEFORE AGREEMENT WILL BE REACHED. ONE VERY SERIOUS COMPLICATING FACTOR IS LO DISTRUST OF NON-SOCIALIST GOVERNMENT AND ITS TOTAL UNPREPAREDNESS IN HOW TO DEAL WITH IT. WITHOUT RESTRAINING HAND OF GOVERNMENT, POSSIBILITY OF A STRIKE CANNOT BE FORECLOSED.
SMITH

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